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March 7, 2005

BULLETIN NO. 2005-02

TO: ALL LENDERS, ATTORNEYS, TITLE COMPANIES

SUBJ: Allowable Fees And Charges For VA Loans In Louisiana

1. PURPOSE. This bulletin revises the title-related charges permitted to be charged to veteran-borrowers for VA loans in Louisiana.

2. BACKGROUND: Until 1999, loan guaranty operations for Louisiana were under the jurisdiction of the New Orleans Regional Office. The New Orleans office had established a maximum \$240 charge to veterans for all title charges in Orleans, Jefferson, and St. Bernard parishes. Title-related charges for all other parishes in Louisiana were allowed up to a maximum of one percent of the loan amount. When loan guaranty operations for Louisiana were consolidated to Houston, this policy was not changed. After a review of typical title charges for loans in Orleans, Jefferson and St. Bernard parishes, we have determined that the \$240 limitation for these three parishes is not representative of what is reasonable and customary.

3. ACTION: Effective immediately, title-related charges to veteran-borrowers in Orleans, Jefferson, and St. Bernard parishes will be allowed up to the one percent of the loan amount maximum allowed in all other parishes in the State. Participants should note that the one-percent maximum applies to all of the title-related charges necessary for the transaction. As provided under 38 CFR, 36.4312, VA's schedule of allowable fees and charges provides that the following items may not be charged to veterans when the veteran has been charged a one-percent loan origination fee:

Settlement or Closing Fee
Document Preparation Fee
Notary Fees
Attorney's Fees

A local deviation to VA Regulation 36.4312 permits these charges to veterans in Louisiana. This means that the total charges to the veteran on Lines 1101 through 1107 of HUD-1 may not exceed one percent of the loan amount. Loan closers may either list the charges separately on each respective line or may combined the charges on Line 1107 and indicate that it includes lines 1101 through 1106, as applicable.

Questions/Comments: If there are any questions or comments, participants should contact Karl Pack, Loan Production Officer, at 1-888-232-2571, extension 3104, or by email at lgykpack@vba.va.gov.

Rescissions: This bulletin rescinds all previous bulletins regarding allowable title charges in the State of Louisiana.

/s/

R. BIAGIOLI
Loan Guaranty Officer